**SOC 3290 Deviance**

**Overheads Lecture 28: Business Crime**

\* Business crime comprises *corporate* & *occupational* deviance

- related to employment, occupation or business

- carried out by relatively respectable, high status persons

- carried out with skill, sophistication, power & influence, making offenders less likely to be prosecuted

- may be carried out by corporations or individuals within them

- offenders often don’t see themselves as such

- victims often unwittingly cooperate

- society itself is relatively indifferent

**Corporate deviance:**

\* Edwin Sutherland (1949):

- Brought “white collar crime” into academic spotlight

- Survey averaged 14 legal decisions against 70 largest companies

\* 1984 Survey: 2/3 of Fortune 500 companies involved in illegal behavior

\* Goff & Reasons (1978): average 3 decisions under old Combines Act against 50 largest Canadian corporations.

\* Clinard (1979-80): at least 60% of U.S. companies had federal action taken. Averaging 4.4 cases each, corporate offences were classified in 6 groups:

(1) Administrative violations

(2) Environmental violations

(3) Financial violations

(4) Labour violations

(5) Manufacturing violations

(6) Unfair trade practices

\* These all reveal that individuals in the middle and upper socio-economic classes quite frequently engage in illegal behavior.

\*What causes such crime?

\* *External* Factors:

- Capitalism/ maximizing profit

- Competition

- Strain between corporate goals and market structure

- Differential goals /social, economic, and political uncertainties

- Market structure (competitive vs. oligopolistic)

- Relative opportunities in specific industry/degree of regulation

\* *Internal* factors (impacting management/ supervision/ responsibility):

- Size of firm

- Organization of firm

- Geographic spread of firm

\* *Individual* level factors:

- Bonds to society vs. bonds to corporation/ subculture

- Opportunities to learn from deviant peers

- Techniques of neutralization (e.g. denial of responsibility, injury,

& victim, condemning condemners and appeals to higher loyalty)

\* Ultimate explanation requires theoretical integration

\* Possible strategies:

- Criminalizing behavior (but not enforced as readily, with less severe punishments than other property offences, & against smaller companies with less influence. Corporations can also close/move)

- Negative publicity (runs up against corporate spin doctors)

- Nationalization (expensive/ uncompetitive)

- Public/union representation on boards (unlikely to have

veto/control)

- Self-regulation (one’s own codes of conduct easy to break)

\* Ultimately globalization makes control of corporate crime difficult

**Occupational Deviance:**

\* This involves offenses committed by employees:

(1) Thefts from the workplace: explanations:

- “impersonal” companies treating people like numbers

- “informal compensation” for exploitation

- a means of relieving boredom

- looking the other way rather than deal with hassle

(2) Embezzlement: taking money. Explanation:

- financial problems

- opportunity

- rationalization

(3) Financial frauds:

- tax evasion (encouraged by complexity of laws)

- securities violations (e.g. Martha Stewart, Enron)

- professional misconduct (e.g. doctors’ “fee splitting,”

lawyers overcharging, accountants colluding in false profit

statements)

- criminogenic market structures (e.g. the auto industry)

**Other Causes of Business Crime:**

(1) Fear of loss & greed for gain;

(2) Deviant opportunities presented by high status, powerful

positions

(3) Weak social control/ lax law enforcement

**Conclusion:**

\* Today we have reviewed corporate & business crime